



County of Los Angeles
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DAVID E. JANSSEN
Chief Administrative Officer

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January 28, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

IN-HOME SUPPORTIVE SERVICES WORKER HEALTH CARE PLAN

At your Board's meeting of January 6, 2004, you requested that we report back on an issue raised by a representative of Service Employees International Union (SEIU) Local 434B, related to the \$1.00 premium required of In-Home Supportive Services (IHSS) workers enrolled in the Personal Assistance Services Council-Service Employees International Union (PASC-SEIU) Homecare Workers Health Care Plan (Health Care Plan).

As approved by your Board, the Health Care Plan includes a \$1.00 per member per month premium from IHSS workers, as their contribution to the Health Care Plan, and a \$206.27 premium paid by the Department of Public Social Services (DPSS), on behalf of the Personal Assistance Services Council (PASC), the employer of record for IHSS workers in the County.

During discussions between the PASC, the Community Health Plan (CHP), DPSS, County Counsel and my office, regarding the recent Board-approved eligibility change for the Health Care Plan, the PASC informed us that there were problems with the collection of the \$1.00, which have remained unresolved since April 2002 when Health Care Plan benefits began. The PASC indicated they had been advised by Local 434B that the collection problems stemmed from limitations of the State's computer systems.

Because the 112 hours to 80 hours per month eligibility change requires PASC and Local 434B to amend their current Memorandum of Understanding (MOU), PASC has attempted to resolve this \$1.00 collection issue as part of their negotiations, to ensure compliance with the Board-approved Health Care Plan, before pursuing implementation of the expansion of eligibility. Despite the most recent assurances from Local 434B that they had resolved the \$1.00 collection issue with the State, PASC remained concerned about the potential for continued delays in resolving this issue and asked that Local 434B agree to an alternative approach if their current attempts to collect the \$1.00 were unsuccessful. This alternative involved a collection methodology PASC felt was workable within the reported limitations of the State's systems and would have, as referenced by the Local 434B representative, collected monthly premiums ranging from \$0.92 to \$1.02 as the IHSS worker contribution to the Health Care Plan. Since this varied from the fixed \$1.00 premium in the Board-approved Health Care Plan, the proposal, if required, would have been presented to your Board for consideration before being implemented as part of the Health Care Plan.

Further, prior to concluding their negotiations with Local 434B on the MOU amendment, PASC had requested a conference call with State Controller's staff in order to confirm that the collection of the \$1.00 was now possible using the State Controller's system, both for the current enrollees under the 112 hour eligibility as well as additional enrollees under the 80 hour eligibility. During that conference call on Friday, January 9, 2004, the State Controller's staff advised PASC representatives and my staff that the State Controller's system had sufficient systems capacity to handle the \$1.00 collection, as an exact amount, if so requested by Local 434B. It was further clarified that the collection of the \$1.00 would be handled through the State Controller's system for issuing warrants and not the payroll system for IHSS workers administered by the California Department of Social Services.

Therefore, based on the discussion with the State Controller's Office that there does not appear to be a systems problem preventing the collection of the \$1.00 premium and the testimony from Local 434B before your Board on January 6, 2004 that they will pursue this issue with the State, the PASC has withdrawn their request that Local 434B agree to the alternative proposal.

Status of Implementation of Eligibility Change

Over the past few months since approval by your Board of the Health Care Plan expansion, CHP, PASC, and County Counsel have moved forward with the myriad administrative steps required to implement this change in eligibility. These include seeking approval from the State Department of Managed Care for the amendment to the Health Care Plan and drafting the necessary changes to the agreement between the

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PASC and CHP, which would be executed under delegated authority to the Director of Health Services. Under their timeline, CHP and the PASC anticipate that enrollment of additional IHSS workers would begin in February 2004 with benefits for those new enrollees to begin in April 2004.

However, the recently released Governor's Proposed Budget raises a concern regarding the planned expansion of eligibility to 80 hours per month for the Health Care Plan, which is expected to roughly double the number of enrollees. Included in the Proposed Budget is a reduction in the State's participation in IHSS wages and benefits to the State minimum wage of \$6.75 per hour. As you may recall, under current law, the State participation cap is \$10.10 per hour for wages and benefits, which provides for a State share of cost in the County for IHSS wages of \$7.50 per hour, as well as the cost of the Health Care Plan.

As indicated in our earlier memoranda to your Board in March and April, 2003, our analysis of the financial viability of reducing the eligibility threshold from 112 hours to 80 hours per month for the Health Care Plan assumed the current federal, State and County sharing ratios. Just as we expressed concerns in our March 10, 2003 memorandum regarding the then-proposed Governor's realignment proposal, we are also concerned now that this current proposal to cap the State's participation in IHSS wages and benefits would require counties to provide a larger share of program costs in order to receive federal matching funds and to maintain or increase wage and/or benefit levels.

We will continue to monitor discussions regarding this State Budget proposal and will advise your Board accordingly. Please let me know if you have questions or need additional information, or your staff may contact Sheila Shima, of my staff, at (213) 974-1160.

DEJ:DL
SS:bjs

c: Executive Officer, Board of Supervisors
County Counsel
Director, Department of Health Services
Director, Department of Public Social Services
Executive Director, Personal Assistance Services Council